

**BOARD LETTER – SUMMARY SHEET
HEALTH AND MENTAL HEALTH SERVICES CLUSTER**

AGENDA REVIEW	May 28, 2014
BOARD MEETING	June 10, 2014
SUPERVISORIAL DISTRICT	All
DEPARTMENT	Department of Mental Health (DMH)
SUBJECT	Request adoption of a resolution approving the Participation Agreement with California Mental Health Services Authority (CalMHSA), governed by a Joint Exercise of Powers Agreement, to participate in the multiyear State Hospital Bed Procurement Program, and Board approval to execute a Purchase of State Hospital Beds Memorandum of Understanding (MOU) with the California Department of State Hospitals (DSH) and CalMHSA for the purchase of State hospital beds.
PROGRAM	<p>Over the last year, with Los Angeles (LA) County as the lead county, participating counties have been working extensively to develop a comprehensive process in order to negotiate effectively with DSH for the use of State hospital beds. Previously, the State Hospital Beds Purchase and Usage Agreement with DSH was essentially dictated by DSH with terms that were non-negotiable. By utilizing and working through CalMHSA, these efforts have now resulted in the development of a Purchase of State Hospital Beds MOU for FY 2013-14, and the counties were able to avoid a rate increase for FY 2013-14. The MOU with DSH is retroactive and will govern State hospital bed purchases for FY 2013-14. The MOU governs the use of the State hospital beds for County mental health consumers, under Welfare and Institution Code Section 4330 et seq.</p> <p>CalMHSA, will act on behalf of the member counties in the development of an annual joint purchase agreement with DSH for statewide utilization of State hospital beds, and will operationalize certain functions including fiscal accountability, ensuring quality of care, and development of alternatives to State hospitals. The cost will be based solely on County bed usage at rate of \$3.68 per day per bed. Currently, LA County utilizes approximately 220 beds per day.</p>
DEADLINES	None
COST & FUNDING	<p>The Participation Agreement with CalMHSA is funded by Sales Tax Realignment revenue for FY 2013-14 in the amount of \$185,000, and for FYs 2014-15 through 2015-16 in the amount of \$269,000 per year.</p> <p>Funding for currently FY 2013-14 in the amount of \$185,000 is included</p>

	<p>in the FY 2013-14 DMH Final Adopted Budget Funding and funding for future years will be requested through DMH's annual process.</p> <p>There is no net County cost impact associated with this action. It is anticipated that joining with other counties in negotiations with DSH will result in significant cost savings for the County.</p>
PURPOSE OF REQUEST	<p>These actions will enable DMH to negotiate effectively through CalMHSA with DSH for the use and purchase for State hospital beds. It is anticipated that this will result in quality of care improvements for LA County residents in State hospitals and significant cost savings to the County.</p>
SUMMARY/ ISSUES (Briefly summarize program and potential issues or concerns. Identify changes, if any, to level of funding or staffing; how funding will be utilized and why best use; prior accomplishments; and for BLs involving contracts, also note changes to the contract term.)	<p>DSH has demonstrated a lack of compliance with statutory notice periods, third party reimbursement, incomplete information about the setting of rates, challenges in the access to beds paid for by counties, overpayment of duplicate payment of bed days, issues of quality of care, concern about indemnification between the State and counties, and difficulties for County personnel who must conduct oversight on the grounds of State hospitals. Furthermore, DSH increased the average daily bed rate by 28 percent for FYs 2011-12 and 2012-13. This trend of cost increases could not be sustained by counties procuring beds and alternative measures had to be considered. Currently LA County pays the State \$48,568,873 per year for bed use or on average \$648 per day which is offset by the State from Realignment funds. CalMHSA will function as the intermediary between the counties and the State to ensure that contract requirements are negotiated and adhered to on behalf of participating counties.</p> <p>Counties acting alone have been unsuccessful in negotiating with DSH. CalMHSA is a viable entity for bringing the collective strength of its member counties together to effectively negotiate favorable terms with DSH to address fiscal, quality of care, and other concerns.</p> <p>CalMHSA will act on behalf of member counties in the development of an annual joint purchase agreement with DSH for statewide utilization of State hospital beds, and will operationalize certain functions including fiscal accountability, ensuring quality of care, and development of alternatives to State hospitals. The cost will be based solely on County bed usage at a rate of \$3.68 per day per bed. Currently, LA County utilizes approximately 220 beds per day.</p>
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